

CONFLICTS OF INTEREST

HSN Capital Group Ltd

Contents

1. Introduction	2
2. Purpose	2
3. Scope.....	2
4. Conflicts of Interest Policy	3
5. Identification of Conflicts of Interest	3
6. Potential Sources of Conflicts of Interest	4
7. Identifying and Managing Conflicts of Interests	6
8. Disclosure.....	8
9. Amendment / Review	8
10. Further Information	8
11. Pay	8
12. Personal account dealing	8
13. Declining to Act	10

1. Introduction

- 1.1. Alvexo is a brand name of HSN Capital Group Limited (hereinafter “the Company”), supervised and regulated by the Financial Services Authority of Seychelles (hereinafter “the FSA”), located at HIS Building, Office 5, Providence, Mahe, Seychelles.
- 1.2. According to applicable legislation, the Company is required to take all reasonable steps to identify, prevent or manage conflicts of interest. The Company is committed to acting honestly, fairly and professionally and in the best interest of its clients.
- 1.3. The Company maintains and operates effective organisational and administrative arrangements with a view to taking all reasonable steps designed to prevent conflicts of interest from adversely affecting the interests of its Clients. Senior management is responsible for ensuring that the Company’s systems, controls and procedures are adequate to identify and manage conflicts of interest. It is also responsible to ensure that all the arrangements made under this policy operate effectively.

2. Purpose

- 2.1. The Conflicts of Interest Policy (hereinafter “the Policy”) sets out the Company’s guiding principle to effectively identify and prevent or manage any conflicts of interest that may arise during the course of business.
- 2.2. The Company has taken all appropriate steps to identify, prevent or manage conflicts of interest that may arise between itself, including its managers and employees, tied agents, or other relevant persons, as well as any person directly or indirectly linked to them by control, and their clients or between one client and another, that arise in the course of providing any investment and ancillary services, or combinations thereof.
- 2.3. The Company maintains and operates effective organizational and administrative arrangements with a view to taking all reasonable steps designed to prevent conflicts of interest from adversely affecting the interests of its Clients.
- 2.4. Senior management is responsible for ensuring that the Company’s systems, controls and procedures are adequate to identify and manage conflict of interest. It is also responsible to ensure that all the arrangements made under this policy operate effectively.

3. Scope

- 3.1. The Policy applies to all Clients and “Related Persons” in relation to the Company including but not limited to all Company’s directors, employees, any persons directly or indirectly linked to the Company by control who might be exposed to conflicts of interest arising between:

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- a) The Company and the Company's Client;
- b) A Related Person and the Company's Client;
- c) A company of the Group and a Client;
- d) One client of the Company and another, in the course of providing services to these Clients;

3.2. Relevant person in relation to the Company means:

- a) a member of the board of directors, partner or equivalent, manager or tied agent of the Company
- b) a member of the board of directors, partner or equivalent, or manager of any tied agent of the Company
- c) an employee of the Company or of a tied agent of the Company, as well as any other natural person whose services are placed at the disposal and under the control of the Company or a tied agent of the Company who is involved in the provision by the Company of investment services or/and the performance of investment activities
- d) a natural person who is directly involved in the provision of services to the Company or to its tied agent under an outsourcing arrangement for the purpose of the provision by the Company of investment services or/and the performance of investment activities

4. Conflicts of Interest Policy

4.1. Company's Conflicts of Interest Policy sets out how:

- a) The Company will identify circumstances which may give rise to conflicts of interest entailing a material risk of damage to its Clients' interests,
- b) The Company has established appropriate mechanisms and systems to manage those conflicts, and
- c) The Company maintains systems designed to prevent damage to its Clients' interests through identified conflicts.

5. Identification of Conflicts of Interest

5.1. For the purposes of identifying the types of conflict of interest that arise in the course of providing investment and ancillary services or a combination thereof and whose existence may damage the interests of a Client, the Company takes into consideration, by way of minimum criteria, the following:

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- a) When the Company accepts Clients' order in Contracts for Difference (hereinafter "CFDs"), the Company will be dealing in the CFD concerned as principal for the Company's account
- b) The Company may be matching the Client's Order with that of another Client by acting on such other Client's behalf as well as on the Client's behalf
- c) The Company and/or a Related Person of the Company is likely to make a financial gain, or avoid a financial loss, at the expense of the Client
- d) The Company and/or a Related Person of the Company has an interest in the outcome of a service provided to the Client or of a transaction carried out on behalf of the Client, which is distinct from the Client's interest in that outcome
- e) The Company and/or a Related Person of the Company has a financial or other incentive to favor the interest of another Client or group of Clients over the interests of the Client
- f) The Company or a Related Person carries on the same business as the Client
- g) The Company or a Related Person receives or will receive from a person other than a Client, an inducement in relation to a service provided to the Client, in the form of monies, goods or services, other than the standard commission or fee for that service.

6. Potential Sources of Conflicts of Interest

6.1. Taking into consideration the services the Company offers, potential Conflict of Interest circumstances may arise from:

- Reception and transmission of orders
- Execution of orders
- Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management

In detail, based on the services the Company offers, potential Conflict of Interest circumstances may arise where:

- a) The Company or a company of the Company's group may engage in business and trading activities for its own account and/or Client accounts whilst other Clients are active in relevant markets at the same time

- b) A transaction is effected in financial instruments in respect of which the Company or a company of the Company's group, or its director or employee is contemporaneously trading or has traded on its own account or has either a long or short position
- c) The Company or Relevant Person receives substantial gifts or entertainment (including nonmonetary inducements) that may influence behavior in a way that conflicts with the interest of the Client of the Company
- d) A transaction is effected in financial instruments in respect of which the Company may benefit from a commission, fee, mark-up or mark-down payable otherwise than by a client, and/or Company may also be remunerated by the counterparty to any such transaction
- e) A director or employee of the Company is a director of a fund and or any company which is a client of the Company
- f) A transaction is effected in financial instruments issued by an affiliated company or the client or customer of an affiliated company
- g) The Company may act as agent for a client in relation to transactions in which it is also acting as agent for the account of other customers and/or Group companies
- h) The Company acting as agent for the Client, matches an order of the Client with an order of another customer for whom it is acting as agent
- i) A transaction is effected in securities issued by an affiliated Company or the client or customer of an affiliated Company
- j) The Company deals on behalf of the client with, or in the securities of, an affiliated Company
- k) A transaction is effected in units or shares of connected investment trusts or unit trusts or open ended investment companies or of any Company of which the Company or an affiliated Company is the manager, authorised corporate director, operator, banker, adviser, custodian, administrator, trustee or depositary
- l) Introducing agents may have other interests than the Company and/or their clients
- m) White Label Partners may have other interests than the Company and/or their clients
- n) Representatives/ Introducing agents of the Company may be aware of large client orders to acquire or dispose of a large quantity of a particular financial instrument and either the Company or its representatives/Introducing agents purchase (or sell) the financial instrument beforehand.

7. Identifying and Managing Conflicts of Interests

7.1. The Company has established adequate and appropriate internal procedures for minimizing any potential conflicts of interest which include the following:

- a) there is a clear distinction between the different departments' operations
- b) Two departments or businesses will be managed by different senior staff members, if running them under supervision of one person, may create conflicts of interest. In this way it is secured that no single person will gather conflicting information, thus counterfeiting or hiding information from investors is minimized. Furthermore the four-eye principle in supervising the Company's activities will be established.
- c) effective procedures in place to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients;
- d) the separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Company;
- e) Removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;
- f) Measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary services or activities;
- g) Measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest
- h) Operation of a "Need to know" policy governing the dissemination of confidential or inside information within the Company.
- i) Access to confidential information is restricted to those who have a proper requirement for the information consistent with the legitimate interest of a Client of the Company.
- j) Chinese walls restricting the flow of confidential and inside information within the Company, and physical separation of departments.

- k) Chinese Walls are a key tool for conflict of interest prevention avoiding insider dealing and market manipulation risks. Chinese Walls can involve separation of premises, personnel, reporting lines, files and IT-systems and controlled procedures for the movement of personnel and information between the Company and any other part of the Company Group. The Company maintains permanent information barriers between different departments.
- l) Procedures governing access to electronic and/or in hard copy data and information
- m) Segregation of duties that may give rise to conflicts of interest if carried on by the same individual
- n) Personal account dealing requirements applicable to relevant persons in relation to their own investments
- o) Prohibition of external business interests conflicting with the Company's interests as far as the Company's officers and employees are concerned, unless prior Board approval is obtained
- p) Appointment of Internal Auditor to ensure that appropriate systems and controls are maintained and report to the Company's Board of Directors
- q) Establishment of the four-eyes principle in supervising the Company's activities
- r) The Company also undertakes on-going monitoring of business activities to ensure that internal controls to prevent or manage conflicts of interest are appropriate
- s) Establishment of in-house Compliance Function responsible for identifying and managing potential conflicts of interests and reporting directly to the Board of Directors and Senior Management in relation to the latter. The Compliance Function shall also update the relevant internal procedures and ensure compliance with such procedures.

7.2. Inducements

The Company does not offer, solicit or accept any inducements, other than the following:

- a) A fee, commission or non-monetary benefit provided to or by a client or a person on behalf of a client;
- b) A fee, commission or non-monetary benefit provided to or by a third party or a person acting on behalf of a third party, under the following conditions:
 - i. the fee, commission or benefit is disclosed to a client, prior to the provision of the relevant service; and
 - ii. it is designed to enhance the quality of the relevant service to a client and in line with Company's duty to act in the best interests of a client;
- c) Proper fees for the provision of investment services, such as custody costs, settlement and exchange fees, regulatory levies or legal fees, and which cannot give rise to conflicts with Company's duties to act honestly, fairly and professionally in accordance with the best interests of its clients.

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7.3. Gifts

Company's employees will not accept any gifts other than those considered normal in their line of business. Excessive gifts from Clients may result in a conflict of interest, something the Company is committed to prevent.

8. *Disclosure*

8.1. If during the course of a business relationship with a Client, the organizational or administrative arrangements/measures are not sufficient to avoid or manage a conflict of interest relating to that Client, the Company shall disclose the conflict of interest to the Client prior to undertaking investment business for that client, or, if it does not believe that disclosure is appropriate to manage the conflict, it may choose not to proceed with the transaction or matter giving rise to the conflict.

8.2. This policy does not form part of the Company's Terms and Conditions of Business and is not intended to be contractually binding or impose or seek to impose any obligations on the Company which it would not otherwise have.

9. *Amendment / Review*

The Company reserves the right to review and/or amend its conflict of interest policy and arrangements whenever it deems appropriate. The Company shall review and amend, if needed, this policy at least annually. The Company maintains an updated copy of its conflicts of interest policy posted on its Website.

10. *Further Information*

Should you require any further information and/or have any questions about conflicts of interest please direct your request and/or questions to compliance@hsrcapitalgroup.com.

11. *Pay*

Pay and bonuses are linked to the profits of the Company or the business or department where an employee works. Pay and bonuses linked to the performance of another department, with possible conflicting interests, is avoided at all times.

12. *Personal account dealing*

For the purpose of this Conflict of Interest Policy, "Personal Transaction" means a trade in financial instrument effected by or on behalf of a relevant person, where at least one of the following criteria are met:

- a) The relevant person is acting outside the scope of the activities he carries out in that capacity,
- b) The trade is carried out for the account of any of the following persons:
 - i. the relevant person, ii. any person with whom he has a family relationship, or with whom he has close links, iii. a person whose relationship with the relevant person is such that the relevant person has a direct or indirect material interest in the outcome of the trade, other than a fee or commission for the execution of the trade.

To prevent conflicts arising from the use of information obtained from clients, and market abuse in general, all employees are subject to personal account dealing rules. Employees are prohibited to keep investor accounts in other Investing Firms without Company's prior authorization and are obliged to bring this to Company's attention. They are also obliged to authorize the Company to request transaction reports from other Investment Firms. Furthermore the Company requires all employees to have Personal Account trades approved before dealing to ensure that dealing does not occur in securities in circumstances where such dealings should be restricted.

Relevant persons are informed on the restrictions on personal transactions and the measures established by the Company in connection with personal transactions and Notification procedures.

Furthermore the Company has established, implemented and maintains adequate arrangements aimed at preventing the following activities in the case of any relevant person who is involved in activities that may give rise to a conflict of interest, or who has access to inside information or to other confidential information relating to clients or transactions with or for clients by virtue of an activity carried out by him on behalf of the Company:

- a) Entering into a personal transaction which meets at least one of the following criteria:
 - i. That person is prohibited from entering into it under Applicable Law; ii. It involves the misuse or improper disclosure of that confidential information; iii. It conflicts or is likely to conflict with an obligation of the Company under the Applicable Law.
- b) Advising or procuring, other than in the proper course of his employment or contract for services, any other person to enter into a transaction in financial instruments which, if a personal transaction of the relevant person, would be covered by point (a) above or investment research reports or the misuse of information relating to pending client orders.
- c) Disclosing, other than in the normal course of his employment or contract for services, any information or opinion to any other person if the relevant person knows, or reasonably ought to know, that as a result of that disclosure that other person will or would be likely to take either of the following steps:

- i. To enter into a transaction in financial instruments which, if a personal transaction of the relevant person, would be covered by point (a) above or investment research reports or the misuse of information relating to pending client orders;
- ii. To advise or procure another person to enter into such a transaction.

The above arrangements have been designed to ensure that:

- a) Each relevant person is aware of the restrictions on personal transactions, and of the measures established by the Company in connection with personal transactions and disclosure.
- b) The Company is informed promptly of any personal transaction entered into by a relevant person, either by notification of that transaction or by other internal procedures enabling the Company to identify such transactions. In the case of outsourcing arrangements the Company always ensures that the firm to which the activity is outsourced maintains a record of personal transactions entered into by any relevant person and provides that information to the Company promptly on request.
- c) A record is kept of the personal transaction notified to the Company or identified by it, including any authorisation or prohibition in connection with such a transaction.

13. Declining to Act

The Company may decline to act for a client in cases where it believes the conflict of interest cannot be managed in any other way.